



# ARIZONA HOUSE OF REPRESENTATIVES

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## **HB 2866: K-12 education; 2022-2023 (Substituted for SB 1733)**

**Sponsor: Representative Cobb (with permission of Committee on Rules), LD 5**  
**Transmitted to the Governor**

### **Overview**

Contains provisions relating to K-12 education needed to implement the FY 2023 budget.

### **History**

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#), Constitution of Arizona, requires the General Appropriations Act (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills. These bills are prepared according to subject area.

### **Provisions**

#### ***School Finance Formula***

1. Increases the base level for FY 2023 from \$4,390.65 to \$4,775.27. (Sec. 5)
2. Creates a Group B funding category for students who meet the economic eligibility requirements established under federal law for free or reduced-price lunches (FRPL) or an equivalent measure and assigns it a support level weight of 0.018. (Sec. 5)
3. Modifies the definition of *Group B* to include students who are eligible for FRPL. (Sec. 5)
4. Increases the Group B support level weight for the developmental delay, emotional disabilities, mild intellectual disabilities, specific learning disability, speech/language impairment and other health impairments funding category from 0.093 to 0.292. (Sec. 8)
5. Repeals statute authorizing a school district to increase its base level by 1.25% for additional monies for teacher compensation. (Sec. 10)
6. Increases the FY 2023 state support level per route mile from:
  - a) \$2.77 to \$2.83 for 0.5 or less approved daily route mileage per eligible student transported;
  - b) \$2.27 to \$2.32 for between 0.5 to 1.0 approved daily route mileage per eligible student transported; and
  - c) \$2.77 to \$2.83 for more than 1.0 approved daily route mileage per eligible student transported. (Sec. 9)
7. Increases district additional assistance as follows:
  - a) For school districts with a student count of less than 100 for:
    - i. Kindergarten programs and the 1st-8th grades, from \$544.58 to \$606.88;
    - ii. The 9th-12th grades, from \$601.24 to \$670.02;
  - b) For school districts with a student count between 100-599 for:
    - i. Kindergarten programs and the 1st-8th grades, from \$389.25 to \$433.78;
    - ii. For the 9th-12th grades, from \$405.59 to \$451.99;

- c) For school districts with a student count of 600 or more for:
    - i. Kindergarten programs and the 1st-8th grades, from \$450.76 to \$502.33;
    - ii. The 9th-12th grades, from \$492.94 to \$549.33;
  - d) For programs for preschool children with disabilities, from \$450.76 to \$502.33; and
  - e) For the purchase of required textbooks and related printed subject matter materials for the 9th-12th grades, from \$69.68 to \$77.65. (Sec. 12)
- 8. Increases charter additional assistance from:
  - a) \$1,897.90 to \$1,985.58 per student count in preschool programs for children with disabilities, kindergarten programs and the 1st-8th grades; and
  - b) \$2,211.97 to \$2,314.16 per student count in the 9th-12th grades. (Sec. 1)
- 9. Eliminates the statewide equalization tax rate levy. (Sec. 14, 19)
- 10. Adjusts the qualifying tax rate for tax year 2022 to:
  - a) \$1.7133 for a high school district or a common school district within a high school district that does not offer instruction in high school subjects; and
  - b) \$3.4266 for a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects. (Sec. 19)
- 11. Permits a school district for FY 2023, to account for K-12 funding legislative changes that were enacted after June 20, 2022, to
  - a) Adopt a budget that is higher than its proposed budget and identify the differences in the budget adoption hearing; and
  - b) Revise its budget if the school district adopts a FY 2023 budget that does not take in consideration the K-12 funding legislative changes. (Sec. 23)
- 12. Requires adopted revised district budgets to be used for setting the amount that is required to be levied for each school district from primary and secondary property tax rates. (Sec. 23)

### ***Results-Based Funding (RBF) Fund***

- 13. Directs the Arizona Department of Education (ADE) to distribute RBF Fund monies, for FY 2023, to each school operated by a school district or charter holder as follows:
  - a) \$225 per student count if the school:
    - i. Had fewer than 60% of students eligible for free or reduced-price lunches (FRPL), or an equivalent measure, when the spring 2021 statewide assessment was administered; and
    - ii. Performed in the top 13% of all schools on the spring 2021 statewide assessment;
  - b) \$400 per student count if the school:
    - i. Had at least 60% of students eligible for FRPL, or an equivalent measure, at the time the spring 2021 statewide assessment was administered; and
    - ii. Performed in the top 13% of schools that had at least 60% of students eligible for FRPL, or an equivalent measure, on the spring 2021 statewide assessment;
  - c) \$225 per student count if the school:
    - i. Had at least 60% of students eligible for FRPL, or an equivalent measure, at the time the spring 2021 statewide assessment was administered; and
    - ii. The school performed in the top 27% but not top 13% of schools that had at least 60% of students eligible for FRPL, or an equivalent measure, on the spring 2021 statewide assessment; and
  - d) \$400 per student count for each alternative high school that performed in the top 27% of schools that had at least 60% of students eligible for FRPL, or an equivalent measure, on the spring 2021 statewide assessment. (Sec. 22)

14. Stipulates an alternative high school is only eligible for RBF Fund monies if it reports the average percentage of students who obtained a passing score on the spring 2021 statewide assessment. (Sec. 22)

***Continuing High School and Workforce Training Program***

15. Instructs the State Board of Education (SBE) to establish and ADE to administer a Continuing High School and Workforce Training Program that provides adult learners with alternative study services and leads to the issuance of a high school diploma and industry-recognized credentials. (Sec. 2)
16. Directs SBE to authorize service providers meeting prescribed eligibility criteria to establish a Continuing High School and Workforce Training Program school in partnership with a school district or nonprofit charter school. (Sec. 2)
17. Stipulates that a high school diploma may only be issued to an adult learner who meets all graduation requirements prescribed by statute and SBE. (Sec. 2)
18. Mandates a program school meet all applicable public school legal requirements. (Sec. 2)
19. Instructs ADE to distribute to an approved program school \$7,700 per full-time student and an amount proportionate to the number of enrolled courses or instructional hours per part-time student, regardless of the adult learner's age. (Sec. 2)
20. Prohibits a program school from receiving any other school finance formula funding. (Sec. 2)
21. Requires ADE to develop application procedures and details the information a service provider must include in the application. (Sec. 2)
22. Authorizes a service provider to partner with a community college district or career technical education (CTE) district to provide CTE instruction and courses that lead to industry-recognized credentials or result in an adult learner earning course credits from a university or community college. (Sec. 2)
23. Instructs SBE, in consultation with ADE, to approve program schools that demonstrate the ability to provide adult learners with the instruction and support that lead to a high school diploma and one or more industry-recognized credentials. (Sec. 2)
24. Limits initial approval of a program school to a maximum of two school years and renewal of approval to a maximum of four years, contingent upon specific performance expectations. (Sec. 2)
25. Mandates SBE immediately initiate a process to bring a program school into compliance or revoke the program school's authorization to participate if an approved service provider fails to meet any requirements or rules adopted by SBE. (Sec. 2)
26. Requires a program school, by October 30, 2025 and October 30 of each year thereafter, to submit a report containing specified information about the program to ADE. (Sec. 2)
27. Directs ADE to submit a report beginning December 15, 2025 and by December 15 annually thereafter evaluating the effectiveness of the Continuing High School and Workforce Training Program to specified entities. (Sec. 2)
28. Instructs SBE to approve program schools for FYs 2023-2025 according to outlined projected total full-time enrollment caps. (Sec. 2)
29. Permits SBE to direct ADE to prioritize funding distribution to program schools demonstrating the highest performance if the total full-time enrollment requested by approved program schools is greater than the prescribed caps. (Sec. 2)

30. Mandates new program schools be prioritized based on the services and supports for adult learners as outlined in their applications. (Sec. 2)
31. Prohibits a program school from:
  - a) Conducting advertising or marketing campaigns directed at currently enrolled school district or charter school students;
  - b) Undertaking any other activity that encourages currently enrolled school district or charter school students to stop attending school to enroll in a program school; and
  - c) Enrolling a student who was enrolled in a school district or charter school within the preceding 30 days. (Sec. 2)
32. Authorizes SBE to adopt rules for the Continuing High School and Workforce Training Program. (Sec. 2)
33. Requires ADE to provide adequate staff support for SBE to comply with program requirements. (Sec. 2)

***Adult Workforce Diploma Program***

34. Establishes the Adult Workforce Diploma Program within SBE and that is administered by ADE to assist a person who is at least 21 years old in earning a high school diploma and developing critical employability and career and technical skills to prepare the person for employment. (Sec. 2)
35. Allows the Adult Workforce Diploma Program to be delivered in a campus-based, online or blended modality. (Sec. 2)
36. Establishes the Adult Workforce Diploma Program Fund and specifies that:
  - a) It is administered by ADE;
  - b) It consists of legislative appropriations, gifts, grants and other donations; and
  - c) Monies are continuously appropriated and are exempt from lapsing. (Sec. 2)
37. Stipulates, to be approved to participate in the program and by August 15 of each year, an eligible program provider must submit to SBE information showing that the program provider meets outlined eligibility requirements. (Sec. 2)
38. Directs SBE, in consultation with ADE and by October 15 annually, to place all qualified program providers on an approved program providers list. (Sec. 2)
39. Requires approved program providers to begin enrolling students by November 15 annually. (Sec. 2)
40. Grants approved program providers approval status unless they are removed from the approved program providers list. (Sec. 2)
41. Instructs ADE to pay approved program providers the following amounts for each student:
  - a) \$250 for each:
    - i. Completed half unit of high school credit;
    - ii. Completed employability skills certification; and
    - iii. Earned industry-recognized credential or stackable credential that requires not more than 50 hours of training;
  - b) \$500 for each earned industry-recognized credential or stackable credential that requires between 50-100 hours of training;
  - c) \$750 for each earned industry-recognized credential or stackable credential that requires more than 100 hours of training; and
  - d) \$1,000 for each earned high school diploma. (Sec. 2)

42. Requires approved program providers to submit monthly invoices to ADE for milestones met in the previous calendar month and ADE to pay approved program providers in the order in which invoices are submitted until all available monies are exhausted. (Sec. 2)
43. Directs ADE to provide a written update to approved program providers by the last calendar day of each month that includes the aggregate total dollars that have been paid to date and the estimated number of enrollments still available. (Sec. 2)
44. Requires, by October 30 annually, each approved program provider to report prescribed information to ADE. (Sec. 2)
45. States ADE must compile the reports from each approved program provider and provide annual report to specified entities by December 15 annually. (Sec. 2)
46. Mandates SBE, in cooperation with ADE and beginning the end of the second fiscal year of the program, to review each approved program provider's data to ensure that each one is achieving minimum specified performance standards. (Sec. 2)
47. Directs SBE, in cooperation with ADE, to develop a process to bring an approved program provider into compliance and revoke a provider's authorization to participate if the provider does not comply with program requirements within two years. (Sec. 2)
48. Mandates ADE provide adequate staff support for SBE to comply with program requirements. (Sec. 2)
49. Defines pertinent terms. (Sec. 2)

***Community College Adult Education Workforce Development Program***

50. Establishes the Community College Adult Education Workforce Development Program within SBE and that is administered by ADE to provide adult learners with integrated education and training programs and additional study and support services that lead to:
  - a) A high school diploma or high school equivalency diploma; and
  - b) An industry-recognized credential or community college degree. (Sec. 2)
51. Requires a program applicant to be a community college district that provides high school diplomas or high school equivalency diploma and workforce training that leads to industry-recognized credentials or workforce or degree programs. (Sec. 2)
52. Creates the Community College Adult Education and Workforce Development Program Fund and specifies that:
  - a) It is administered by ADE;
  - b) It consists of legislative appropriations and other monies; and
  - c) Monies are continuously appropriated and exempt from lapsing. (Sec. 2)
53. Funds a program school at up to \$3,000 per full-time student each fiscal year and an amount proportionate to the number of enrolled courses or instructional hours per part-time student. (Sec. 2)
54. Instructs ADE to distribute program fund monies to all eligible program schools in a proportional manner based on the number of adult learners served. (Sec. 2)
55. Mandates a program school use monies to supplement and not supplant current program offerings. (Sec. 2)
56. Allows a program school to accept and spend federal monies and private grants, gifts, contributions and devises. (Sec. 2)

57. Instructs a program school to use monies for adult learners to participate in a high school diploma or high school equivalency diploma program that also offers an industry-recognized credential or community college degree. (Sec. 2)
58. Permits a portion of program fund monies to be used for additional support services to ensure the success of adult learners in the program. (Sec. 2)
59. Requires, by October 30 of each year that monies are appropriated to the program fund, each participating community college to submit a report containing prescribed information to ADE and ADE to compile these reports and, by December 15 of each year, submit an annual report to specified entities. (Sec. 2)
60. Allows SBE, in cooperation with ADE, to:
  - a) Request information from any program applicant or program school to determine eligibility and funding distributions; and
  - b) Develop a process to bring a program school into compliance or revoke the program school's authorization to participate. (Sec. 2)
61. Directs ADE to provide adequate staff support for SBE to comply with program requirements. (Sec. 2)

***Adult Education and Workforce Development Programs Performance Measures***

62. Instructs SBE, in cooperation with ADE and by July 1, 2024, to adopt performance measures to evaluate the performance of the Continuing High School and Workforce Training Program, Adult Workforce Diploma Program and the Community College Adult Education Workforce Development Program. (Sec. 2)
63. Details the measures and data the performance measures must include. (Sec. 2)
64. Stipulates the performance measures must allow for a comparable evaluation across adult education and workforce development programs and take into consideration the variety of learning levels of adult learners entering the programs. (Sec. 2)

***Invest in Postsecondary Success Program***

65. Establishes the Invest in Postsecondary Success Program that is administered by ADE. (Sec. 3)
66. Requires the program to contract, through a request for proposals, with a vendor that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. (Sec. 3)
67. Stipulates the vendor must provide student support to program participants and must:
  - a) Have administered each of the following for at least five previous academic years:
    - i. College match savings accounts meeting prescribed criteria;
    - ii. Financial capability training; and
    - iii. Workforce readiness training;
  - b) Have served at least 2,000 students in the past 10 years; and
  - c) Currently supports multiple student pathways by partnering with higher education institutions. (Sec. 3)
68. Authorizes students to apply to ADE to participate and directs ADE to establish eligibility criteria. (Sec. 3)
69. Mandates each program participant open a college match savings account with the selected vendor. (Sec. 3)
70. States the selected vendor must administer college match savings accounts for participants and provide participants with prescribed trainings. (Sec. 3)

71. Establishes the Invest in Postsecondary Success Program Fund and specifies that:
- a) It is administered by ADE;
  - b) It consists of legislative appropriations; and
  - c) Monies are continuously appropriated and exempt from lapsing. (Sec. 3)

72. Authorizes ADE to adopt rules for the program and program fund. (Sec. 3)

***Code Writers Initiative Program***

73. Creates the Code Writers Initiative Program within ADE to provide competitive grants and instructs the Indian Education Advisory Council to evaluate grant applications and make award recommendations. (Sec. 3)

74. Directs ADE to maximize available funding by awarding grants to participants that will leverage state monies by securing gifts, grants and donations from other sources. (Sec. 3)

75. Mandates program grantees:

- a) Introduce a computer code writing curriculum for students in the 9th-12th grades;
- b) Deliver a technology-focused education to Native American students;
- c) Instruct Native American students in computer code writing and work with industry partners to develop internships and programs for students who complete the curriculum;
- d) Instruct teachers and administrators in a technology-focused curriculum;
- e) Develop assessment metrics to determine the program's effectiveness;
- f) Install audiovisual distance learning equipment to maximize the number of participants;
- g) Determine the impact from the curriculum and teacher instruction on students' standardized test scores and graduation rates; and
- h) Submit a report by September 1 annually to specified entities containing information about the program for the most recent school year. (Sec. 3)

***Arizona Empowerment Scholarship Accounts (ESAs) Parent Oversight Committee***

76. Creates the ESAs Parent Oversight Committee consisting of six members who are parents of qualified students who receive ESA monies. (Sec. 17)

77. Requires the President of the Senate (President), the Speaker of the House of Representatives (Speaker), the Senate minority leader and the House minority leader (minority leaders) to each appoint one member and the Governor to appoint two members. (Sec. 17)

78. Stipulates that, at a minimum, the four members appointed by the President, the Speaker and the House and Senate minority leaders must be parents of qualified students who:

- a) Meet the statutory criteria to be considered a child with a disability as determined by an independent third party; and
- b) Use ESA monies for additional services as outlined in statute. (Sec. 17)

79. Requires members to annually elect a chairperson and meet at least once each calendar quarter. (Sec. 17)

80. Directs the oversight committee to collaborate and interact with ADE, SBE, the Attorney General and, as appropriate, the Auditor General to review:

- a) The implementation of ESA program policies and procedures and the ESA program's effectiveness;
- b) The concerns of parents of qualified students who receive ESA monies; and
- c) The work of the Ombudsman-Citizens Aide on complaints associated with administering the ESA program. (Sec. 17)

81. Prohibits a parent from serving on the oversight committee if the parent:

- a) Is an employee or the relative of an employee of ADE;

- b) Receives monies or compensation from or is otherwise associated in any manner with a lobbyist organization, a school choice advocacy group or a private financial management firm that manages ESAs; or
- c) Provides goods or services to qualified students that are purchased as permissible ESA expenses. (Sec. 17)

***Miscellaneous***

- 82. Requires each county that operates a county jail to offer an education program to serve all prisoners who are 21 years old or younger and who do not have a high school diploma or general equivalency diploma. (Sec. 7)
- 83. Requires the Division of School Facilities to submit a report to the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting on any unobligated Building Renewal Grant Fund monies. (Sec. 20)
- 84. Contains a legislative intent clause relating to classroom spending. (Sec. 24)
- 85. Makes conforming changes. (Sec. 4, 5, 6, 11, 13, 15, 16, 18, 19, 20, 21)
- 86. Makes technical changes. (Sec. 5, 7, 11, 13, 18, 19, 21)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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